

“Main Street” Benefits of the Economic Rescue Plan

Congress has worked in a bipartisan way to ensure that this rescue effort protects the taxpayer and helps Americans struggling financially on Main Street – not just financial institutions on Wall Street.

For Homeowners

Home foreclosures reached 1.5 million in 2007 and are predicted to rise to 2.5 million in 2008. Home prices have fallen for 18 straight months, to a level that is 17 percent below a year ago. That is why the plan includes major efforts to strengthen homeownership and stem the tide of foreclosures:

- The plan provides property tax relief to up to 30 million homeowners -- extending a new \$1,000 property tax deduction for non-itemizing couples through the end of 2009.
- The government must steer mortgages in danger of foreclosure to loan workout programs to keep families in their homes and lift home values nationwide.
- To help keep more families in their homes, the bill substantially expands eligibility for badly-needed mortgage refinancing under the FHA’s Hope for Homeowners program.
- As the new owner of a stake in hundreds of thousands of mortgages, the government can now work more directly and effectively with loan servicers to make problem loans more affordable (by reducing principal or interest rates, or lengthening the time to pay back the mortgage).
- The bill requires the Treasury, Federal Housing Administration, Federal Reserve and FDIC to work together on opportunities to increase loan modifications for at-risk mortgages.
- So that families are not taxed if they lose their home, the bill extends provisions enacted earlier in this Congress to stop tax liability on mortgage foreclosures.

For Community Banks and the Small Businesses They Serve

The plan helps small businesses and families that need credit by aiding smaller banks hurt by the mortgage crisis. It increases from \$100,000 to \$250,000 the amount of bank deposits insured by the FDIC to help small banks, small businesses, those saving for retirement, and strengthen confidence in our banking system. Approximately 800 community banks will be able to deduct losses from their investments in Fannie Mae and Freddie Mac stocks, preventing insolvency and strengthening the financial health of Main Street America.

Retirement Savings

To shore up the retirement saving of millions of Americans, the Economic Rescue Plan will help stabilize the financial markets and allows the government to purchase troubled assets from pension plans.

State and Local Governments

The plan helps shore up the fiscal soundness of state and local governments, struggling to provide front-line services to Americans. It allows the Treasury to purchase troubled assets from local governments. It extends for four years the Secure Rural Schools program that provides payments to counties with national forest lands.

For Minority- and Women-Owned Businesses

The plan encourages Treasury to buy assets from financial institutions serving low- and moderate-income population and underserved communities. It requires Treasury to set and follow standards for involving minority and women-owned businesses in contracts for asset management and other services.